

Service Date: May 25, 1994

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF the Request by)	UTILITY DIVISION
Pacific Telecom, Inc. for Approval)	
of its Custom Calling II Filing,)	DOCKET NO. N-94-34
Tariff Advice No. 94-01.)	ORDER NO. 5788

INTERIM ORDER

Background.

1. On April 18, 1994, Pacific Telecom, Inc. (PTI) filed Tariff Advice No. 94-01 to introduce a new service offering called Custom Calling II. On May 3, 1994, PTI submitted a revised Custom Calling II filing (Tariff Advice No. 94-01, Supplement A) which contained several modifications and clarifications.

2. PTI proposes to offer Custom Calling II on a detariffed basis pursuant to Section 69-3-810 MCA. Collectively, most of the new features included in Custom Calling II are commonly referred to as Customized Local Area Signalling Services, or CLASS.

II. Description of PTI's Filing.

3. CLASS is a set of software driven custom switching features that provide enhanced call management capabilities to subscribers. The list of features included in PTI's filing are:

Anonymous Caller Rejection

Caller Name and Number Delivery

Continuous Redial

Distinctive Ringing/Call Waiting

Residential Call Hold

Selective Call Forwarding

Customer Originated Trace

Call Forward Remote Access

Caller Name and Number Blocking Per Line

Caller Name and Number Blocking Per Call

Last Call Return

Selective Call Acceptance

Selective Call Rejection

= Casual Calling Features

4. The features will be available on a fixed monthly subscription basis (except Customer Originated Trace, which is billed on a per usage basis only, and Caller Name and Number Blocking Per Call, which is provided without charge). In addition, the features in the list above that are marked

with an asterisk will also be offered on a "casual" or usage-sensitive basis. Casual usage will allow customers to use a and become familiar with the features without subscribing them on a monthly basis. PTI plans to offer the Casual Calling Features at no charge, on a promotional basis, through July 31, 1994. After July 31, the company will charge for these features on a per usage basis.

5. PTI is also proposing to offer Custom Calling II Service Packages which provide discounts when a customer orders two or more features. Additional package offerings will include combinations of Custom Calling II and PTI's other Custom Calling feature packages.

III. New Service Filing Under Section 69-3-810 MCA.

6. PTI is introducing Custom Calling II as a detariffed service pursuant to Section 69-3-810 MCA. The rules governing new detariffed services submitted under this statute are found in ARM 38.5.2730 through 38.5.2750. Pursuant to these rules, a 10 day period immediately follows the filing and service of the application during which interested parties can file comments and/or request a hearing on the application.

7. Following the 10 day comment period, the Commission can either: 1) approve the application; 2) deny the application; 3) suspend the offering of the service; or 4) grant interim approval of the application. If no action has been taken within 30 days following the date of the filing, PTI can proceed to offer the service .

IV. Detariffing.

8. PTI has applied to offer Custom Calling II features on a detariffed basis'. Detariffing will grant PTI pricing flexibility for these services subject to the constraint that the rates not fall below the filed minimum rates. PTI can change the rates of detariffed services simply by filing new rates with the Commission at least 7 days prior to the date the new rates will become effective. The new rates become effective without Commission action or approval. Commission approval is still necessary for changes in the terms and

conditions of a detariffed service.

PTI's detariffing proposal does not extend to the packages which include combinations of Custom Calling II features and PTI's other Customer Calling features. These packages will be fully tariffed.

V. Revenue Impacts.

9. As part of its filing, PTI included detailed (proprietary) analyses regarding penetration rates, costing and pricing in support of its proposed rates. PTI also provided a forecast of the annual contribution (excess of revenues over costs) from this offering expected at the end of the second year the services are in place. Total service revenues are expected to be well above total service costs.

VI. Privacy Concerns.

10. PTI's Custom Calling II features will enable its customers to enhance the capabilities of their telephone systems. While many of these features are strongly desired by some, privacy concerns regarding several of these features persist.

11. Caller Name and Number Delivery (commonly referred to as Caller ID) has been the source of privacy concerns in other jurisdictions where it has been introduced. Caller ID allows the called party to view the number of the line on which the call originates and the directory name associated with that number before answering the call.

12. Caller ID simultaneously enhances the privacy of call recipients and diminishes the privacy of call placers. For call recipients, Caller ID is an "electronic peephole" providing information about who is calling. Conversely, there are numerous examples of situations in which a call placer may not want the called party to have access to this information.

13. To mitigate these privacy concerns, PTI proposes to offer Caller Name and Number Blocking which enables callers to stop their telephone numbers from being transmitted to recipients of their calls. PTI has proposed 2 blocking mechanisms - per call and per line blocking. On a per call basis, customers can dial a Per Call Blocking activation code (*67) before dialing a telephone number. This prevents the callers telephone number (and the associated name) from being delivered to the called party. The company proposes to offer Per Call Blocking for no charge.

14. Per Line Blocking prevents caller number and name delivery for all calls made from that line, without dialing an activation code. PTI proposes to charge a monthly fee for Per Line Blocking (except for law enforcement, domestic violence and crises intervention agencies, which will receive the service for free).

15. The blocking mechanisms, while allowing callers the opportunity to retain anonymity in placing calls, also potentially diminishes the value of subscribing to Caller ID; as

Some examples are: targets of domestic violence who may become endangered if their whereabouts become known; law enforcement agencies; and medical, mental health, social and legal services. In addition, some Caller ID opponents feel businesses, organizations, or even government agencies may compile and misuse information that is made available via Caller ID.

more people utilize the blocking mechanisms, Caller ID becomes less effective.

16. Various strategies exist to address the Caller ID and blocking concerns. Strategies regarding the blocking options range from disallowing any blocking (possibly with a few

exceptions) to requiring free per line blocking as well as free per call blocking. In other jurisdictions, free per line blocking is offered for an initial period after the service is implemented and/or for new customers.

17. Aggressive customer education about Caller ID and the blocking options is another sound strategy. In its filing, PTI stated: "Extensive customer notice will be provided before and after implementation of the new features through inserts in the bills, newspaper and broadcast media and/or special mailings to the customer."

VII. Customer Education

18 PTI is directed to provide the Commission with details about its planned public information campaign, which must include at a minimum one bill insert and a special separate mailing to subscribers prior to implementation of the new services. The bill inserts and the separate mailing will include the following information:

a clear statement that as a result of the implementation of Caller Name and Number Delivery and other services, callers' names and phone numbers may be transmitted to persons they are calling -- unless callers use one of the two available blocking options. An explanation of the availability and use of per-call and per-line blocking must be included, along with instructions for use and a sticker appropriately sized to attach to a telephone that says, "To block, press *67 or dial 1167", or similar language.

· a clear statement that some CLASS features function only for calls within PTI's Montana service territory, supplemented by an example.

the date the new services will be implemented.

19. In addition, the company must update its catalog of services

(required by ARM 38.5.3330) to include the above information.

20. PTI shall submit its proposed bill inserts, special mailings and revised catalog to the Commission for review prior to their distribution.

CONCLUSIONS OF LAW

1. Pacific Telecom, Inc. provides regulated telecommunications services within the State of Montana and is a public utility under the regulatory jurisdiction of the Montana Public Service Commission. Sections 69-3-101 and 69-3-803, MCA.

2. The Commission has authority to supervise, regulate and control public utilities. Section 69-3-102, MCA.

3. The Commission has the authority to establish rates, tariffs and fares for the provision of regulated telecommunications service. Section 69-3-807(1), MCA.

ORDER

1. On May 9, 1994, at a duly noticed work session Commission voted 4-1 to grant interim approval to PTI Calling II filing, as filed on May 3, 1994 (PTI Tariff 94-01, Supplement A). The decision to approve PTI's interim basis was made in recognition of the many important issues associated with CLASS and will allow additional adequately investigate these issues.

2. Other regulated telephone companies (including Communications) in Montana have indicated their intentions to introduce CLASS in the near future. Before taking final action on PTI's Custom Calling II filing, the Commission may hold a public hearing to provide an additional opportunity for interested parties to testify on the merits and drawbacks of these services.

3. The Commission's directions regarding custom notification and education contained above in Finding of Fact Nos. 17-19 are hereby ordered, and incorporated herein by this reference.

Done and Dated this 23rd day of May, 1994, by a vote of 5 to 0

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ANDERSON, Chairman

BOB ROWE, Vice Chairman

DAVE FISHER, Commissioner

NANCY MCCAFFREE, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.